



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0308	Title:	Revise calculation of standard prevailing wage rates
Primary Sponsor:	Keane, Jim	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 308 will have no fiscal impact on the state.

FISCAL ANALYSIS

Assumptions:

Montana Department of Transportation (MDT)

1. Wage increases would be built in to contractor bid prices. To the extent that contractor bid prices would increase, there may be an offsetting reduction in available resources dedicated to other construction projects due to the finite amount available resources the department has for these projects.

Department of Environmental Quality (DEQ)

2. DEQ rarely has public works contracts that exceed 30 months in duration.
3. Currently, DEQ contracts are fixed price contracts based on the applicable prevailing wage at the time the contract is executed. For those few contracts that will exceed the 30-month threshold in the future, section 4 of the bill would require bidders to account for the increase in prevailing wage costs in the amount bid. The amount that this would increase the cost of the bid and the contract price is unquantifiable and not significant.

Department of Administration (DOA)

4. This bill has no fiscal impact to General Services Division/Facilities Management.
5. The bill provides for refinement and clarity in how MT DOLI surveys and calculates the standard rate of prevailing wages for workers for building, heavy, highway, and non-construction services.

6. The Architecture and Engineering (A&E) Division does not anticipate a fiscal impact for two reasons:
 - a. While A&E's present longest duration project is 26 months, any project duration longer than 30 months would have any wage increase absorbed within the bid price; and,
 - b. New Section 5, Sub (3) places the responsibility for the increase on the contractors and subcontractors.

Department of Revenue (DOR)

7. This bill changes the calculation of the prevailing wage rate and, for property taxation purposes, makes the definitions of class 14, 15 and 16 property consistent with the new prevailing wage rate definitions.
8. The department relies on the Department of Labor and Industry to certify that the prevailing wage rate was paid during the construction of class 14, class 15, and class 16 property. The department only needs to know that the prevailing wage rates were paid, whatever they may be.

Sponsor's Initials

Date

Budget Director's Initials

Date